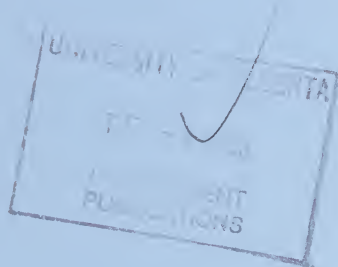




public
accounts
1998-99

volume 3 — summary
financial
statements



Manitoba
Finance




for the year ended March 31, 1999

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INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with the Financial Administration Act. The Public Accounts for the fiscal year ended March 31, 1999 consist of four volumes:

Volume 1 –

Contains the Financial Statements of the Operating Fund and Special Funds of the government and schedules of supporting information.

Contains the details of financial statements.

Contains the details of borrowings and guarantees.

Contains the details of operating fund revenue and expenditure.

Contains information provided under statutory requirement.

Volume 2 –

Contains details of compensation paid to employees as well as payments to corporations, firms, individuals, other governments and government agencies.

Volume 3 –

Contains the Summary Financial Statements of the government and schedules of supporting information.

These statements reflect the consolidation of the financial operations of all organizations integral to the overall operations of government in performing its executive function.

Volume 4 –

Contains the financial statements of funds, organizations, agencies and enterprises comprising the government reporting entity.

STATEMENT OF RESPONSIBILITY

The Summary Financial Statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the government reporting entity and include consolidated statements of financial position, revenue and expenditure, accumulated deficit, changes in financial position, schedules and notes to the statements. Together, they present fairly, in all material respects, the financial condition of the government reporting entity at the fiscal year end and the results of its operations for the year then ended.

The Government is responsible for the integrity and objectivity of the Summary Financial Statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. The government believes such estimates have been based on careful judgements and have been properly reflected in the Summary Financial Statements.

These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government

A handwritten signature in black ink, appearing to read 'Selinger', is written over a horizontal line.

HONOURABLE GREG SELINGER
Minister of Finance
November, 1999



Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Legislative Assembly of Manitoba


I have audited the consolidated statement of financial position of the Government of the Province of Manitoba as at March 31, 1999 and the consolidated statements of revenue and expenditure, accumulated deficit and changes in financial position for the year then ended. These consolidated statements are referred to as the summary financial statements and are the responsibility of the Government of the Province of Manitoba. My responsibility is to express an opinion on these summary financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these summary financial statements present fairly, in all material respects, the consolidated financial position of the Government of the Province of Manitoba as at March 31, 1999 and the consolidated results of its operations and changes in its financial position for the year then ended in accordance with the accounting policies stated in Note 1 to the summary financial statements and applied, except as described in Note 3 to the summary financial statements, on a basis consistent with that of the preceding year.

Winnipeg, Manitoba
November 19, 1999

Jon Singleton, CA
Provincial Auditor



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 1999
(with comparative figures for 1998)

SCHEDULE		(\$ millions)	
		1999	1998
LIABILITIES			
1	Borrowings.....	18,667	17,661
	Less: Sinking funds.....	5,822	5,053
		<u>12,845</u>	<u>12,608</u>
	Less: Unamortized foreign currency fluctuation.....	389	283
	Net borrowings	<u>12,456</u>	<u>12,325</u>
2	Accounts payable, accrued charges, provisions and deferred revenue.....	1,383	1,227
	Pension liability (Note 8).....	2,766	2,572
		<u>16,605</u>	<u>16,124</u>
ASSETS			
	Cash and equivalents.....	600	722
3	Amounts receivable.....	720	665
4	Loans and advances.....	5,759	5,525
5	Equity in government enterprises.....	881	736
6	Other long-term investments.....	17	21
	Assets under development (Note 1 A).....	125	31
		<u>8,102</u>	<u>7,700</u>
ACCUMULATED DEFICIT		<u>8,503</u>	<u>8,424</u>
		<u>16,605</u>	<u>16,124</u>

Information concerning guarantees, financial commitments and contingencies can be found in notes 5, 6, and 7.

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE

For the Year ended March 31, 1999
(with restated comparative figures for 1998)

	(\$ millions)	
	1999	1998
REVENUE		
Manitoba collections:		
Retail sales tax.....	883	830
Fuel taxes.....	225	218
Levy for health and education.....	224	216
Liquor Control Commission.....	152	149
Manitoba Lotteries Corporation.....	225	220
Other taxes.....	348	362
Fees and other revenue.....	852	841
Incomes taxes:		
Corporation income tax.....	215	193
Individual income tax.....	1,807	1,431
Federal transfers:		
Equalization.....	912	1,164
Canada Health and Social Transfer.....	513	507
Shared cost and other.....	266	323
TOTAL REVENUE	<u>6,622</u>	<u>6,454</u>
EXPENDITURE		
Health.....	2,122	1,966
Education and Training.....	1,635	1,555
Family Services.....	665	658
Economic and resource development.....	750	894
Assistance to local governments and taxpayers.....	315	300
Justice, administration and other government services.....	745	575
Debt servicing.....	517	534
TOTAL EXPENDITURE	<u>6,749</u>	<u>6,482</u>
 INCREASE IN EQUITY IN GOVERNMENT ENTERPRISES (Schedules 5 and 8).....	 145	 201
 CONSOLIDATED NET INCOME (Schedule 8)	 <u>18</u>	 <u>173</u>

CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT

For the Year ended March 31, 1999
(with comparative figures for 1998)

	(\$ millions)	
	1999	1998
Balance, beginning of year (as previously reported).....	8,424	8,333
Restatement of comparative figures.....	-	19
Balance, beginning of year (as restated).....	8,424	8,352
Changes in accounting policy (Note 3).....	105	250
Consolidated net income for the year.....	(18)	(173)
Repurchase of serial debentures (Note 1 E).....	(8)	(9)
Taxation - doubtful accounts receivable	-	4
Balance, end of year.....	8,503	8,424

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 1999
(with comparative figures for 1998)

	(\$ millions)	
	1999	1998
Cash and equivalents provided by (used in)		
Operating activities:		
Consolidated net income for the year	18	173
Changes in non-cash items:		
Amortization of foreign currency fluctuation.....	63	38
Amortization of debt discount.....	10	10
Amortization of investment discounts and premiums.....	(10)	-
Valuation allowances.....	12	8
	<u>93</u>	<u>229</u>
Changes in:		
Amounts receivable.....	(55)	242
Accounts payable, accrued charges, provisions and deferred revenue.....	12	(6)
Pension liability.....	194	153
Changes in equity in government enterprises.....	(145)	(201)
	<u>99</u>	<u>417</u>
Investing activities:		
Assets under development.....	(94)	(31)
Made.....	(785)	(583)
Realized.....	596	509
	<u>(283)</u>	<u>(105)</u>
Financing activities:		
Debt issued.....	2,275	1,660
Debt redeemed.....	(1,624)	(1,259)
Changes in sinking funds.....	(628)	(513)
Changes in accounts payable related to assets under development.....	39	11
	<u>62</u>	<u>(101)</u>
Changes in cash and equivalents.....	(122)	211
Cash and equivalents, beginning of year.....	<u>722</u>	<u>511</u>
Cash and equivalents, end of year.....	<u><u>600</u></u>	<u><u>722</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1999****1. SIGNIFICANT ACCOUNTING POLICIES****A. General Basis of Accounting**

The Summary Financial Statements have been prepared in accordance with generally accepted public sector accounting principles established by the Canadian Institute of Chartered Accountants (CICA), with certain exceptions:

- 1) Regional Health Authorities (RHA's) have not been included in the reporting entity. Note 2 describes this exception in more detail.
- 2) The assets under development disclosed in the consolidated financial statements of the Government Information Systems Management Organization Inc. have not been restated to the expenditure basis of accounting for capital assets. Because the government is in transition to full capitalization of its capital assets, it was determined that it would not be appropriate to expense these development costs (\$125 million) as they are incurred because they will become capital assets when the capitalization policy is implemented in the year 1999-2000.
- 3) Material adjustments resulting from changes in accounting policy or from the correction of an error which are attributable to and identifiable with prior periods are recorded as prior period adjustments. It is the government's practice to prospectively reflect the effects of such adjustments in the accumulated deficit. Prior year balances are therefore not restated.

These accounting policies have been developed and are applied in accordance with the provisions of the Financial Administration Act of the Province of Manitoba.

B. The Reporting Entity

The various funds, organizations and enterprises, excluding RHA's, comprising the government reporting entity are listed in Schedule 7.

The Operating Fund and Special Funds financial statements that are published in volume 1 of the Public Accounts report amounts recorded as government revenue, expenditure on government programs, the lending and investment of government funds and the borrowing and repayment of debt. The activities of the Special Funds, which are considered to be part of the government reporting entity, are also reported in the Operating Fund and Special Funds financial statements.

To be considered a part of the government reporting entity, an organization must be accountable for the administration of its financial affairs and resources to a minister of the government, or directly to the Legislature, and must be owned and/or controlled by the government, as determined by legislative provisions or by a majority holding of voting share capital.

Health and educational institutions receive most of their financial resources from voted appropriations which are recorded as expenditures. Except for RHA's, the majority of these institutions are separately incorporated, not owned or controlled by the government and are required to report separately on their stewardship. Accordingly, other than those listed in Schedule 7, they are not consolidated in these financial statements.

C. Basis of Consolidation

Crown organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the government reporting entity. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax and the levy for health and education. Where the fiscal year end dates of Crown organizations are not the same as that of the government reporting entity and their transactions significantly affect the financial statements, their financial results are updated to March 31.

Government enterprises, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They derive the majority of their revenue from sources outside the government reporting entity. They are reported in these Summary Financial Statements using the modified equity method of accounting without adjusting their accounting policies to a basis consistent with that of the government reporting entity. The financial results of enterprises are not updated to March 31 where their fiscal year end is not the same as that of the government reporting entity. Inter-entity accounts and transactions with government enterprises are not eliminated, nor are normal operating inter-entity transactions disclosed separately. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule 5.

D. Basis of Specific Accounting Policies

Revenue

All revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. A further exception concerns entitlements from the Government of Canada that are recorded on a cash basis except for accruals of prior year adjustments determined before June 30 each year.

Expenditures

All expenditures incurred for goods or services received are recorded on an accrual basis. Exceptions to this policy involve the acquisition or construction of capital assets and the acquisition of inventories that are reflected as expenditures when incurred, except as described in note 1.A.2.

Expenditures include provisional amounts recorded in anticipation of future costs, which are quantifiable and have been identified as obligations such as computer system upgrades and housing renovations.

Gross Accounting Concept

Revenues and expenditures are recorded in gross amounts with the following exceptions.

- 1) The municipal share of individual and corporation income taxes, which is collected through the Government of Canada and remitted by the Province of Manitoba to municipalities in accordance with the Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure.
- 2) Refunds of revenue are treated as reductions of current year revenue.
- 3) Decreases in valuation allowances previously provided are treated as reductions to expenditure.
- 4) Recoveries of the debt servicing costs on self-supporting debt and income earned on investments and advances are recorded as a reduction of debt servicing expenditure.

Liabilities and Assets

- 1) All borrowings are expressed in Canadian dollars and are shown net of sinking funds, unamortized debt issue costs and debt of the Province of Manitoba held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31 adjusted for any foreign currency contract entered for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized annually to debt servicing expense over the term of the debt.

- 2) The amount of the pension liability is based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustments needed are amortized over the expected average remaining service life of the employee groups.
- 3) The year end translation adjustments reflecting the foreign currency fluctuation from the value at the issue date are recorded through the unamortized foreign currency fluctuation account, and amortized annually to debt servicing expense over the remaining term of the debt. The unamortized portion of foreign currency fluctuation reflects the gains or losses on the conversion of foreign currency debt called prior to maturity using the rates in effect at the time of the call.
- 4) Loans, advances and long-term investments are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans.
- 5) Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign exchange fluctuation between year ends are amortized annually to debt servicing expense over the remaining life of the investment. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in foreign currency are translated at the exchange rate in effect on the transaction date.

E. Serial Debentures of School Divisions and Districts

The accumulated deficit of the government reporting entity includes amounts related to serial debentures of school divisions and districts, acquired by the government in prior years. The government is primarily responsible for funding the redemption of these debentures; accordingly these amounts are not reflected as assets. As the funding for annual redemptions flow from the appropriations of the government to the school divisions and districts, and then back to the Province, the accumulated deficit of the government reporting entity is reduced by the amount of such redemptions.

2. REGIONAL HEALTH AUTHORITIES

Regional Health Authorities (RHA's) are in a transitional phase of development. While the rural authorities were established at March 31, 1998, the Winnipeg authorities were not operational until March 31, 1999. Because of the potential confusion resulting from this transition, it was decided that the RHA's would not be included in the reporting entity until the government changes its accounting policy to include the amortization of capital assets. The intention is that they will be added in the fiscal year 1999-2000. The impact of this decision is that the RHA assets of \$364 million, liabilities of \$348 million and net income of \$9 million are not included in these financial statements. Based on the current accounting policies of the reporting entity, net capital assets of \$114 million would have been written off against the accumulated deficit. These assets, liabilities and operating results do not include health care facilities that have not devolved into RHA's.

3. PRIOR PERIOD ADJUSTMENTS

From time to time, situations are identified where certain revenues or expenditures have not been converted to the accrual basis of accounting. During the year ended March 31, 1999, the government adopted full accrual accounting for severance pay liabilities. The accrual of these costs at March 31, 1999 resulted in an increase in the accumulated deficit of \$105 million, a decrease in the consolidated net income of \$2 million and an increase in accounts payable of \$107 million.

4. EQUITY IN GOVERNMENT ENTERPRISES

A summary of consolidated operating results and financial position for government enterprises is displayed in Schedule 5. The category definitions are as follows.

Utility:

An enterprise which provides public utility services for a fee.

Insurance:

An enterprise which provides insurance coverage services to the public for a fee.

Finance:

Enterprises which provide regulatory control and are revenue generating, or enterprises which use economy of scale to deliver goods and services to non-government clients.

Resource Development:

Enterprises charged with the development of various industries and/or the delivery of various goods and services which will assist the provincial economy.

Included in the equity in government enterprises are equities which are restricted for use by provincial legislation and thereby not available to discharge government liabilities or to finance other government programs.

Equity in government enterprises is comprised of:

	(\$ millions)	
	1999	1998
Restricted Equity in Government Enterprises:		
Manitoba Hydro-Electric Board	666	566
Manitoba Public Insurance Corporation	130	98
Workers Compensation Board	68	53
	<u>864</u>	<u>717</u>
Unrestricted Equity in Government Enterprises:		
Leaf Rapids Town Properties Ltd	3	3
Manitoba Hazardous Waste Management Corporation	6	6
Manitoba Product Stewardship Corporation	6	6
Manitoba Public Insurance Corporation	2	4
	<u>17</u>	<u>19</u>
Equity in Government Enterprises	<u>881</u>	<u>736</u>

5. GUARANTEES

The government reporting entity has guaranteed the repayment of promissory notes, bank loans, lines of credit, mortgages and other securities. The outstanding guarantees are as follows.

	(\$ millions)	
	1999	1998
Promissory notes, bank loans, lines of credit and other	91	84
Manitoba Grow Bonds	8	6
Total guarantees outstanding	<u>99</u>	<u>90</u>

6. FINANCIAL COMMITMENTS

The government reporting entity has approved long-term financial arrangements of various entities wherein indebtedness has been issued that is not guaranteed by the government, but funding assistance is provided annually from appropriations of the Operating Fund. The government reporting entity has also made future commitments against appropriations under long-term contracts that cover the acquisition and/or rental of physical assets. These financial commitments as at March 31 are as follows.

		(\$ millions)	
		1999	1998
Financial arrangements for completed projects:			
Hospitals and personal care homes		450	461
Public schools		<u>350</u>	<u>338</u>
		<u>800</u>	<u>799</u>
Future commitments:			
	Government Enterprises	Other	
Acquisition of physical assets	135	324	459
Rental of physical assets	44	112	156
Housing construction and approved mortgage	<u>-</u>	<u>20</u>	<u>20</u>
	<u>179</u>	<u>456</u>	<u>635</u>
		<u>1,435</u>	<u>1,386</u>

In addition to the approved outstanding debt for hospitals and personal care homes, lines of credit up to \$106 million (1998 - \$21 million) have been approved to finance capital projects for hospitals and personal care homes currently in process. On completion of these projects, the borrowings will be converted to other financing arrangements.

Finally, the government reporting entity has commitments which are not capital in nature, related primarily to future loans and grants, the maintenance of desktop equipment and the maintenance of social housing units, totalling \$187 million (1998 - \$283 million).

7. CONTINGENCIES

No provision has been made at March 31, 1999 in the accounts for the following significant contingencies as the final results are uncertain.

A. Hudson Bay Mining and Smelting Company (HBMS)

The government is party to an agreement with HBMS in relation to the Ruttan Mine whereby, upon closure, the government is committed to paying environmental clean-up costs, certain hydro charges and the municipal tax liability in excess of the limit set as HBMS's share. It is estimated that the government's potential liability could be as high as \$7 million.

B. Canadian National Railways (CNR)

The CNR has requested a declaration that The Retail Sales Tax Act does not apply to a major part of its costs related to railway rolling stock. CNR is requesting a refund of sales tax it has paid in that respect.

C. VIA Rail Canada Inc. (VIA)

VIA has requested a declaration that the government is not entitled to interest charges relating to provincial audit assessments and that The Retail Sales Tax Act does not apply to certain services purchased by VIA in respect of railway rolling stock. VIA is requesting a refund of the interest charges and sales tax it has paid in that respect.

D. Flood Costs

A provision has been made at March 31, 1999 for claims related to the April 1997 flood. The final amount of the government's share of these costs in the future is uncertain at the date these financial statements were issued.

E. Manitoba Medical Association (MMA)

The MMA commenced legal proceedings against the government for actions taken alleged to be contrary to the MMA Agreement dated March 4, 1994. The claim was for approximately \$ 27 million for special damages. The government is defending this action and has applied to have the action dismissed as having no legal basis.

F. Ontario Hydro

In January 1994, Ontario Hydro filed a Statement of Claim against Manitoba Hydro-Electric Board (MHEB) claiming, in part, that they had overpaid for the termination costs associated with a canceled 1000 megawatt power sale which was to have commenced in the year 2000. In July 1994, MHEB filed a Statement of Defence and a Counterclaim for the amount owing to the MHEB.

In January 1999, Ontario Hydro and MHEB executed an Agreement whereby the parties agreed to settle their respective claims against each other. The Settlement Agreement does not have a material impact on the financial statements of the MHEB.

8. PENSION LIABILITY

The government of the Province of Manitoba supports five separate pension plans. These include the Civil Service Plan (CSP), the Teachers' Plan (TP), the Members of the Legislative Assembly Plan (MLAP), the University of Manitoba Pension Plan and the Brandon University Retirement Plan. The pension plans for the universities of Manitoba and Brandon are fully funded. There is no unfunded liability reported by the actuaries of the university pension plans.

Actuarial valuations for funding purposes are performed on the CSP and the TP triennially. The most recent dates for these valuations were December 31, 1998 and January 1, 1998 respectively. An actuarial valuation of the MLAP was performed as at March 31, 1997.

The actuarial valuations were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality.

Long-term inflation anticipated by the actuary is provided for information purposes. Inflation can affect the level of salaries and the level of interest rates as well as escalate the indexation rate used. In calculating future contributions, actuarial projections in respect of the rate of increases for inflation used an annual rate of increase equal to 3.0% (CSP), 3.75% (MLAP) and 2.0% (TP) for three years and 3.25% thereafter with a rate of return on investments of 7.0% (CSP), 7.5% (MLAP) and 7.0% (TP). Projected salary increases range from 2.0% to 4.5%.

During the year, no amendments were made to the CSP, TP and MLAP.

The components of the unfunded pension liability and expense are as follows:

	(\$ millions)		
	Pension Expense		Pension Liability
	1999	1999	1998
Operating Fund			
Civil Service Superannuation Fund			
Unamortized Experience Gain		142	-
Pension Liability	161	1,052	1,079
Members of the Legislative Assembly	2	30	29
Teacher's Retirement Allowances Fund	144	1,526	1,449
Crown organizations (CSP)	<u>17</u>	<u>16</u>	<u>15</u>
	<u>324</u>	<u>2,766</u>	<u>2,572</u>

The pension liabilities of government enterprises are disclosed in Schedule 5.

A. Civil Service Plan

The Civil Service Superannuation Act (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the government through the Civil Service Superannuation Fund (CSSF).

As at March 31, 1999, the CSP had approximately 35,400 participants including active members, retired employees and former employees with entitlements.

Certain amendments to the CSSA were made in 1992 which required that the CSSF establish and fund a separate account in an amount sufficient to cover the government's share of pension costs attributable to the 1992 amendments to the CSSA. The CSSF account maintained on behalf of the government at March 31, 1999 was \$21 million (1998 - \$19 million).

The lifetime pension calculation equals 2% of a member's best five years average yearly pensionable earnings multiplied by pensionable service, minus 0.6% of the average Canada Pension Plan (CPP) earnings for the same period multiplied by pensionable service since January 1, 1966. The CSSA requires that employees contribute 5.1% on pensionable earnings up to the CPP maximum earnings, and 7.0% of pensionable earnings above the maximum. 89.8% of contributions are used to fund basic benefits and 10.2% of contributions are allocated for indexing benefits. Contributions continue until the employee's retirement or other termination from service. Employee contributions for the year ended March 31, 1999 amounted to \$50 million.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the consumer price index for Canada.

The government does not make contributions to the CSSF during employees' service. By legislation, however, it is required to pay 50% of the pension disbursements made from the CSSF. For the year ended March 31, 1999, payments of \$64 million were made to the CSSF.

An actuarial valuation report of the government's liability to the employees included in the CSSF as at December 31, 1998 was recently completed. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the government's actuarial liability has been calculated on an indexed basis to be \$1,052 million as at March 31, 1999 (1998 - \$1,079 million). The CSSA indicates that the calculation shall provide for annual indexing on the condition that the adjustment does not result in an unfunded pension liability in the CSSF.

The report disclosed an experience gain of \$152 million which will be amortized over the 15 year expected average remaining service life of the employee groups. The 1998/99 amortization was \$10 million

B. Teachers' Plan

The Teachers' Pension Act (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

As at March 31, 1999, the Teachers' Retirement Allowances Fund (TRAF) had approximately 27,700 participants including active members, retired teachers and former teachers with entitlements.

The lifetime pension calculation is based upon the lesser of A or B:

- A) The years of service prior to July 1, 1980 multiplied by 2% and the average salary of the best 7 of the final 12 years of service and years of service after July 1, 1980 multiplied by 2% and the average salary of the best 5 of the final 12 years of service;

less

the years of service from January 1, 1966 to July 1, 1980 multiplied by .6% and the average annual salary up to the yearly maximum pensionable earnings for the same period and years of service after July 1, 1980 multiplied by .6% and the annual salary up to the yearly maximum pensionable earnings for the same period.

- B) 70% of the weighted average annual salary of the member in the 7 and 5-year periods used above.

The TPA requires that teachers contribute 5.7% on pensionable earnings up to the CPP maximum earnings, and 7.3% on pensionable earnings above the maximum. 83.6% of contributions are used to fund basic benefits and 16.4% of contributions are allocated for indexing benefits. Contributions continue until the teacher's retirement or other termination from service. Teacher contributions for the year ended March 31, 1999 amounted to \$44 million.

Indexing benefits are not guaranteed and are paid only to the extent that one half of the pension adjustment does not result in an unfunded pension liability in TRAF.

The government does not make contributions to TRAF during teachers' service. By legislation, however, it is required to pay 50% of pension disbursements and other disbursements made by TRAF as provided for in the TPA. For the year ended March 31, 1999, payments of \$67 million were made to TRAF.

An actuarial report was completed for TRAF as of January 1, 1998 which determined the government's pension liability on an indexed basis to be \$1,526 million at March 31, 1999 (1998 - \$1,449 million). The TPA indicates that the calculation shall provide for annual indexing on the condition that the adjustment does not result in an unfunded pension liability in the TRAF.

C. Members of the Legislative Assembly Plan

The pension plan for Members of the Legislative Assembly (MLA's) is established and governed by the Legislative Assembly Act (LAA). For MLA's elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service. For those elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. As at March 31, 1999, there are 128 plan members who are entitled to receive future pension benefits in accordance with the LAA.

The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served if less than five multiplied by the number of years

of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases. The March 1997 actuarial valuation provides a formula to update the liability on an annual basis. The government's liability is calculated to be \$30 million at March 31, 1999 (1998 - \$29 million).

Under the matching contributions provisions, MLA's may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The government matches the member's contributions on a current basis; consequently, there is no liability for past service benefits under this component of the plan. In the event that a member withdraws money from the RRSP while an active member of the Legislative Assembly, the government's contribution would be refundable.

9. AMOUNTS HELD IN TRUST

The government holds certain fiduciary trusts for investment or administration at March 31, 1999 totalling \$327 million (1998 - \$292 million). Such deposits are pooled with other available funds of the government for investment purposes and are accorded a market rate of interest.

The government also provides a safekeeping service for various departments, agencies, boards and commissions. In this capacity, it holds custodial trust funds in the form of bonds and other securities at March 31, 1999 totalling \$168 million (1998 - \$178 million).

The Civil Service Superannuation Fund, University of Manitoba Pension Plans and Brandon University Retirement Plan have been established by legislation to administer various pension and insurance trust funds to which the government reporting entity contributes but over which the government reporting entity has no power of appropriation. The total assets as at December 31st are as follows:

	(\$ millions)	
	1998	1997
Civil Service Superannuation Fund	1,963	1,819
University of Manitoba Pension Plans	681	662
Brandon University Retirement Plan	<u>69</u>	<u>63</u>
	<u>2,713</u>	<u>2,544</u>

10. PROVINCIAL MUNICIPAL TAX SHARING ACT

The municipal share of individual and corporation income taxes, which is collected through the Government of Canada and remitted by the Province of Manitoba to municipalities in accordance with The Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure. This amounted to \$71 million for the year ended March 31, 1999 (1998 - \$62 million).

11. YEAR 2000

The Year 2000 (Y2K) issue exists where information technology, computers and digital devices are used. The issue arises because many computer programs use two-digit date coding and will not properly recognize the year 2000. This has the potential to cause widespread disruption not only to information systems but also government operations. This matter is complex because many systems and controls are interdependent, including computer supported systems used in vital areas of the government.

After extensive review, the government reporting entity has developed processes to manage the operating risks associated with the Y2K issues. These may be separated into two categories as follows:

1) Fixing Existing Systems

Where it has been deemed prudent and effective, existing systems are being reprogrammed to make them Y2K compliant. The estimated cost of this initiative is \$71 million. Of this amount, \$38 million has been spent during the 1998/99 fiscal year and \$10 million is accrued as a provision at March 31, 1999.

In addition, costs associated with reprogramming systems in various health care institutions, for which the government will accept financial responsibility, are estimated to be \$49 million which are accrued as a provision at March 31, 1999.

2) Y2K Compliance in the New Systems

Many of the government reporting entity's major systems, including its core business systems, are in the process of being replaced. While the primary goal was enhanced efficiency and effectiveness, Y2K compliance will be achieved as a result of this replacement initiative. Given the foregoing, it is not possible to determine the cost of the Y2K component of these projects.

12. DEBT SERVICING

Debt servicing costs are net of cost recoveries and interest income of \$1,033 million for the year ended March 31, 1999 (1998 - \$926 million).

13. SUBSEQUENT EVENT

On May 14, 1999, the Manitoba Hydro-Electric Board (MHEB) entered into an agreement with Westcoast Energy Inc. to purchase all of the issued and outstanding shares of Centra Gas Manitoba Inc. and Minell Pipelines Ltd., for a total purchase price of \$245 million. Centra Gas Manitoba Inc. is a gas distribution utility with annual sales of natural gas exceeding \$300 million. Minell Pipelines Ltd. consists solely of a 70 kilometre pipeline from Saskatchewan into Manitoba. The closing of the share purchase agreement is subject to approval by the Public Utilities Board of Manitoba.

14. COMPARATIVE FIGURES

Certain of the 1998 financial statement figures have been restated to be consistent with the 1999 presentation.

SCHEDULE 1

CONSOLIDATED BORROWINGS

As at March 31, 1999
(with comparative figures for 1998)

Fiscal Year of Maturity	(\$ millions)					Totals	
	Bonds and Debentures Cdn	US	Canada Pension Plan Cdn	Loans and Mortgages Cdn	Govt of Canada Cdn	Treasury Bills Cdn	1999 1998
1999.....	-	-	-	-	-	-	1,563
2000.....	989	197	107	3	-	325	1,271
2001.....	1,557	537	111	-	-	-	2,205
2002.....	372	1,207	135	-	-	-	1,599
2003.....	870	1,111	132	-	-	-	1,945
2004.....	708	933	126	-	-	-	1,500
1999-2004.....	4,496	3,985	611	3	-	325	9,420 10,083
2005-2009.....	3,030	375	591	-	-	-	3,996 2,958
2010-2019.....	1,872	755	396	-	-	-	3,023 2,435
2020-2031.....	900	1,282	-	208	-	-	2,390 2,315
2005-2031.....	5,802	2,412	987	208	-	-	9,409 7,708
Total borrowings.....	10,298	6,397	1,598	211	-	325	18,829 17,791
Reduced by:							
Unamortized debt issue costs.....	23	10	-	-	-	-	33 41
Debt of the Province of Manitoba held as government investments ..	129	-	-	-	-	-	129 89
	10,146	6,387	1,598	211	-	325	18,667 17,661

March 31/99 March 31/98
Cdn \$ Valuation Cdn \$ Valuation
(See Note) (See Note)

Borrowings payable in:		
Canadian dollars	10,386	8,786
Foreign issues swapped to Canadian dollars	2,046	2,746
U.S. dollars	5,517	4,896
Foreign issues swapped to U.S. dollars	880	1,363
Total borrowings	18,829	17,791

Note 1: The Canadian dollar valuation is calculated using the foreign currency exchange rates in effect at each March 31 adjusted for any foreign currency contracts entered into for settlement after those dates.

Note 2: Interest rates on these borrowings range from approximately 4.39% to 17.51%.

SCHEDULE 2

CONSOLIDATED ACCOUNTS PAYABLE, ACCRUED CHARGES, PROVISIONS AND DEFERRED REVENUE

As at March 31, 1999
(with comparative figures for 1998)

	(\$ millions)	
	1999	1998
Accounts payable.....	546	516
Accrued charges:		
Interest accrued on borrowings and trust funds.....	316	339
Other accrued liabilities:		
Criminal injuries compensation.....	20	20
Doctors' settlement.....	9	-
Flood claims.....	14	14
Flood costs 1997.....	11	28
Gas and motive fuel tax.....	-	4
Gross Revenue Insurance Plan.....	19	19
Hepatitis C assistance.....	12	-
Infrastructure works program.....	1	-
Jobs and economic recovery initiative.....	-	2
Land acquisition claims.....	2	2
Manfor Ltd. divestiture.....	2	1
Municipal assistance program.....	11	10
Net income stabilization	3	3
Provision for computer system upgrades.....	59	49
Provision for housing renovation projects.....	14	15
Salaries and benefits.....	87	84
Salaries and benefits - severance.....	108	-
Salt point bridge.....	1	-
Tripartite land assembly program.....	2	2
Other.....	2	2
	<u>377</u>	<u>255</u>
Provision for future losses on guarantees.....	8	8
Deferred revenue.....	136	109
	<u>1,383</u>	<u>1,227</u>

SCHEDULE 3

CONSOLIDATED AMOUNTS RECEIVABLE

As at March 31, 1999
(with comparative figures for 1998)

	(\$ millions)	
	1999	1998
TAXATION REVENUE:		
Corporation capital tax.....	1	2
Corporation income tax.....	35	38
Gasoline tax.....	14	13
Health and education tax levy.....	17	16
Individual income tax.....	107	97
Insurance corporation tax.....	9	9
Motive fuel tax.....	7	7
Oil and natural gas tax.....	-	1
Retail sales tax.....	90	74
Revenue Act, 1964 part 1.....	5	5
Tobacco tax.....	11	11
	<u>296</u>	<u>273</u>
GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Canada health and social transfer.....	4	8
Canada Mortgage and Housing Corporation.....	26	14
Equalization.....	-	3
Municipal corporations.....	59	60
Provinces and territories.....	8	8
Shared cost programs and other.....	146	146
	<u>243</u>	<u>239</u>
INTEREST:		
Province of Manitoba sinking fund.....	86	80
Other investments.....	16	14
	<u>102</u>	<u>94</u>
OTHER:		
Crop insurance.....	-	1
Regional health authorities.....	4	-
Research and special projects.....	14	7
Sundry departmental revenue.....	6	6
Tripartite stabilization plan.....	2	2
Vehicle registration.....	7	7
Water power rentals.....	4	5
Winnipeg Jets.....	1	1
Other.....	41	30
	<u>79</u>	<u>59</u>
	<u>720</u>	<u>665</u>

SCHEDULE 4

CONSOLIDATED LOANS AND ADVANCES

As at March 31, 1999
(with comparative figures for 1998)

	(\$ millions)	
	1999	1998
GOVERNMENT ENTERPRISES:		
Liquor Control Commission.....	5	5
Manitoba Hydro-Electric Board.....	6,202	5,647
Manitoba Lotteries Corporation.....	5	5
	<u>6,212</u>	<u>5,657</u>
OTHER:		
Canadian Hockey Association - World Junior Hockey Tournament.....	1	1
Hudson Bay Mining and Smelting Co. Ltd.....	28	28
Loans and mortgages.....	551	508
Manitoba Film and Sound Development Corporation.....	-	1
Manitoba Potash Corporation.....	3	3
Manitoba Telecom Services Inc.....	143	239
Regional family services agencies.....	6	8
Rural economic development initiatives program.....	2	1
Treaty Indian fuel tax.....	1	1
Venture capital program.....	-	1
	<u>735</u>	<u>791</u>
Less: Valuation allowance.....	<u>70</u>	<u>60</u>
	<u>665</u>	<u>731</u>
TOTAL LOANS AND ADVANCES	6,877	6,388
Less: Sinking funds provided for repayment of applicable debt.....	<u>1,118</u>	<u>863</u>
	<u><u>5,759</u></u>	<u><u>5,525</u></u>

SCHEDULE 5 **GOVERNMENT ENTERPRISES** **SUMMARY OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION**

For the Year Ended March 31, 1999 *
(with comparative figures for 1998)
(\$ millions)

	UTILITY	INSURANCE	FINANCE	RESOURCE DEVELOPMENT	TOTAL 1999	TOTAL 1998
RESULTS OF OPERATIONS						
Revenues: From operations	1,082	806	632	1	2,521	2,447
Transfers from the government	-	-	-	-	-	-
Total revenues	1,082	806	632	1	2,521	2,447
Expenses: From operations	569	753	255	1	1,578	1,456
Transfers to the government***	-	8	377	-	385	370
Debt servicing	413	-	-	-	413	420
Total expenses	982	761	632	1	2,376	2,246
Increase in equity in government enterprises	100	45	-	-	145	201
FINANCIAL POSITION						
Assets:						
Cash and equivalents	58	80	17	2	157	222
Amounts receivable	180	149	14	-	343	393
Long-term investments	-	1,534	-	3	1,537	1,425
Fixed assets	5,774	34	114	2	5,924	5,712
Other assets	743	112	17	4	876	767
Total assets	6,755	1,909	162	11	8,837	8,519
Liabilities:						
Accounts payable, accrued liabilities and deferred revenue	948	307	50	-	1,305	1,513
Long-term debt						
-Owing to the government	4,424	-	10	2	4,436	4,281
-Owing to others	348	-	96	-	444	353
Provision for future benefits						
-Pension obligations	369	63	-	-	432	394
-Future cost of existing claims	-	1,338	-	-	1,338	1,241
Total liabilities	6,089	1,708	156	2	7,955	7,782
Net assets	666	201	6	9	882	737
Adjustments required for consolidation **	-	-	-	(1)	(1)	(1)
Equity in government enterprises	666	201	6	8	881	736

* For enterprises whose fiscal year is prior to March 31, the amounts reflected are as at their fiscal year end.

** Adjustments required to reflect the effect of asset valuations and valuation allowances recorded in the Operating Fund.

*** The Manitoba Public Insurance Corporation repaid advances of \$8 million to the Province subsequent to the corporation's fiscal year end.

SCHEDULE 6

CONSOLIDATED OTHER LONG-TERM INVESTMENTS

As at March 31, 1999
(with comparative figures for 1998)

	(\$ millions)	
	1999	1998
OTHER INVESTMENTS, AT COST		
Common shares -		
Manitoba Potash Corporation - 490,000 shares.....	5	5
Preferred shares -		
Faneuil ISG Inc - 56,000 shares.....	6	-
Special shares -		
Crocus Investment Fund - 2,000,000 shares.....	2	2
Debentures -		
Faneuil ISG Inc.....	9	16
Municipalities.....	2	3
Profit sharing agreement -		
Hudson Bay Mining and Smelting re: Ruttan Mine.....	11	11
Other -		
MCF Capital.....	4	4
	<u>39</u>	<u>41</u>
Less: Valuation allowance.....	22	20
	<u>17</u>	<u>21</u>

SCHEDULE 7

FUNDS, ORGANIZATIONS AND ENTERPRISES COMPRISING THE GOVERNMENT REPORTING ENTITY

**CONSOLIDATED FUND:
OPERATING FUND AND
SPECIAL FUNDS:**

- Abandonment Reserve Fund
- Debt Retirement Fund
- Elk Management Fund
- Farm Machinery and Equipment Act Fund
- Fiscal Stabilization Fund
- Land Titles Assurance Fund
- Manitoba Law Reform Commission
- Mining Community Reserve
- Quarry Rehabilitation Reserve
- Veterinary Science Scholarship Fund
- Victims Assistance Fund

CROWN ORGANIZATIONS:

- Addictions Foundation of Manitoba
- Assiniboine Community College
- Board of Administration under the Embalmers and Funeral Directors Act
- Brandon University
- Centre culturel franco-manitobain
- Child and Family Services of Central Manitoba
- Child and Family Services of Western Manitoba
- Communities Economic Development Fund
- Cooperative Loans and Loans Guarantee Board
- Cooperative Promotion Board
- Council on Post-Secondary Education
- Crown Corporations Council
- Deer Lodge Centre Inc.
- Economic Innovation and Technology Council
- Government Information Systems Management Organization (Man) Inc.
- Health Information Services of Manitoba (HISM) Corporation
- Horse Racing Commission
- Insurance Council of Manitoba
- Keewatin Community College
- Legal Aid Services Society of Manitoba
- Manitoba Adolescent Treatment Centre Inc.
- Manitoba Agricultural Credit Corporation
- Manitoba Arts Council
- Manitoba Boxing Commission
- Manitoba Cancer Treatment and Research Foundation
- Manitoba Centennial Centre Corporation
- Manitoba Community Services Council Inc.
- Manitoba Crop Insurance Corporation
- Manitoba Development Corporation
- (N) Manitoba Film and Sound Development Corporation
- Manitoba Foundation
- Manitoba Gaming Control Commission
- Manitoba Habitat Heritage Corporation
- Manitoba Health Research Council
- Manitoba Health Services Insurance Plan

SCHEDULE 7 (cont'd)

Manitoba Hospital Capital Financing Authority
 Manitoba Housing and Renewal Corporation
 Manitoba Trade and Investment Corporation
 Manitoba Water Services Board
 Public Schools Finance Board
 Red River College
 Rehabilitation Centre for Children Inc.
 Special Operating Agencies Financing Authority
 Civil Legal Services
 Companies Office
 Fleet Vehicles Agency
 Food Development Centre
 Industrial Technology Centre
 Land Management Services
 Mail Management Agency
 Manitoba Education, Research and Learning
 Information Networks (Merlin)
 Manitoba Text Book Bureau
 Materials Distribution Agency
 Office of the Fire Commissioner
 Organization and Staff Development
 Pineland Forest Nursery
 The Property Registry
 The Public Trustee
 Vital Statistics Agency
 University of Manitoba
 Venture Manitoba Tours Ltd.
 Winnipeg Child and Family Services

GOVERNMENT ENTERPRISES: (Schedule 5) (Note 4)

Utility:

Manitoba Hydro-Electric Board

Insurance:

Manitoba Public Insurance Corporation
 Workers Compensation Board

Finance:

Manitoba Liquor Control Commission
 Manitoba Lotteries Corporation
 Manitoba Product Stewardship Corporation

Resource Development:

Leaf Rapids Town Properties Ltd.
 Manitoba Hazardous Waste Management Corporation

(N) One Crown organization was added to the government reporting entity for the year ended March 31, 1999.

Note: Two Crown organizations were removed from the government reporting entity for the year ended March 31, 1999. The Criminal Injuries Compensation Act was replaced with The Victims' Rights Act in January 1999. As a result, responsibilities of the Criminal Injuries Compensation Board are now with the Department of Justice. In April 1998, the Health Information Services of Manitoba (HISM) Corporation became a wholly owned subsidiary of the Government Information Systems Management Organization (Man) Inc. and has been fully consolidated in their financial statements.

SCHEDULE 8

RECONCILIATION OF OPERATING FUND BUDGETARY SURPLUS TO CONSOLIDATED NET INCOME

	(\$ millions)			
	1998-99 Operations per Entity Financial Statements	Adjustments on Consolidation	1998-99 Consolidated Net Income	1997-98 Consolidated Net Income
OPERATING FUND AND SPECIAL FUNDS				
Operating Fund and Special Funds	17	-	17	64
Adjustment for Health Information Services of Manitoba (HISM) Corporation *	(24)	-	(24)	-
TOTAL OPERATING FUND AND SPECIAL FUNDS	(7)	-	(7)	64
CROWN ORGANIZATIONS				
Addictions Foundation of Manitoba	1	-	1	-
Assiniboine Community College	2	-	2	-
Brandon University	-	(1)	(1)	1
Deer Lodge Centre Inc.	(2)	(3)	(5)	(2)
Keewatin Community College	(1)	(2)	(3)	-
Manitoba Agricultural Credit Corporation	(4)	5	1	2
Manitoba Arts Council	-	-	-	(1)
Manitoba Cancer Treatment and Research Foundation	4	(6)	(2)	2
Manitoba Crop Insurance Corporation	67	-	67	55
Manitoba Housing and Renewal Corporation	3	20	23	10
Manitoba Trade and Investment Corporation	(1)	(2)	(3)	-
Manitoba Water Services Board	-	(2)	(2)	(1)
Public Schools Finance Board	2	-	2	(5)
Red River College	(1)	(3)	(4)	(1)
Special Operating Agencies Financing Authority	8	(9)	(1)	(5)
University of Manitoba	35	(38)	(3)	4
TOTAL CROWN ORGANIZATIONS	113	(41)	72	59
GOVERNMENT ENTERPRISES				
Leaf Rapids Town Properties Ltd.	-	-	-	(1)
Manitoba Hydro - Electric Board	100	-	100	111
Manitoba Public Insurance Corporation	38	(8)	30	76
Workers Compensation Board	15	-	15	15
TOTAL GOVERNMENT ENTERPRISES	153	(8)	145	201
PENSION LIABILITY INCREASE	-	(192)	(192)	(151)
TOTAL CONSOLIDATED NET INCOME	259	(241)	18	173

* This consists of a provision, made subsequent to the issuance of the financial statements of the Operating and Special Funds, concerning the assets developed through HISM.

SCHEDULE 9

RECONCILIATION OF OPERATING FUND ACCUMULATED DEFICIT TO CONSOLIDATED ACCUMULATED DEFICIT

(\$ millions)

	Accumulated Surplus (Deficit) March 31, 1998	1998-99 Consolidated Net Income	Adjustments to Accumulated Surplus (Deficit)	Accumulated Surplus (Deficit) March 31, 1999
OPERATING FUND AND SPECIAL FUNDS	(6,415)	(7)	(97)	(6,519)
CROWN ORGANIZATIONS				
Addictions Foundation of Manitoba	-	1	-	1
Assiniboine Community College	1	2	-	3
Brandon University	(1)	(1)	-	(2)
Child and Family Services of Western Manitoba	1	-	-	1
Communities Economic Development Fund	(1)	-	-	(1)
Deer Lodge Centre Inc.	-	(5)	-	(5)
Economic Innovation and Technology Council	1	-	-	1
Keewatin Community College	2	(3)	-	(1)
Manitoba Agricultural Credit Corporation	(3)	1	-	(2)
Manitoba Cancer Treatment and Research Foundation	26	(2)	-	24
Manitoba Crop Insurance Corporation	128	67	-	195
Manitoba Development Corporation	3	-	-	3
Manitoba Housing and Renewal Corporation	(362)	23	-	(339)
Manitoba Trade and Investment Corporation	4	(3)	-	1
Manitoba Water Services Board	(1)	(2)	-	(3)
Public Schools Finance Board	(1)	2	-	1
Red River College	(2)	(4)	-	(6)
Special Operating Agencies Financing Authority	(2)	(1)	-	(3)
University of Manitoba	33	(3)	-	30
Winnipeg Child and Family Services	(3)	-	-	(3)
	<u>(177)</u>	<u>72</u>	<u>-</u>	<u>(105)</u>
GOVERNMENT ENTERPRISES				
Leaf Rapids Town Properties Ltd.	3	-	-	3
Manitoba Hazardous Waste Management Corporation	6	-	-	6
Manitoba Hydro - Electric Board	566	100	-	666
Manitoba Product Stewardship Corporation	6	-	-	6
Manitoba Public Insurance Corporation	102	30	-	132
Workers Compensation Board	53	15	-	68
	<u>736</u>	<u>145</u>	<u>-</u>	<u>881</u>
PENSION LIABILITY INCREASE*	<u>(2,568)</u>	<u>(192)</u>	<u>-</u>	<u>(2,760)</u>
TOTAL CONSOLIDATED BALANCES**	<u><u>(8,424)</u></u>	<u><u>18</u></u>	<u><u>(97)</u></u>	<u><u>(8,503)</u></u>

* This does not reflect pension liabilities of \$6 million already recorded in crown organizations.

** Differences may result from rounding.

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